

NIPSCO DependaBill: Questions You Should Ask

OUCS Consumer Fact Sheet

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Quick Facts:

- ◆ DependaBill is a convenience service, not a savings program.
- ◆ DependaBill carries a fee of no more than 10 percent in exchange for the convenience of a fixed monthly bill.
- ◆ DependaBill's early termination penalties may be no more than 40% of your annual gas bill, and can amount to hundreds of dollars if you move to a new location or make a late payment.
- ◆ BudgetPlan manages high bill amounts with no additional fees.

DependaBill is a new, optional service that Northern Indiana Public Service Company (NIPSCO) is offering to its natural gas customers. The program is offered under an alternative regulatory plan proposed by NIPSCO and approved by the Indiana Utility Regulatory Commission (IURC) in July 2002.¹ DependaBill provides the customer with a fixed monthly gas bill, in exchange for a fee that may amount to no more than 10% of the DependaBill payment. In addition, the gas supply price used to calculate the DependaBill payment is set by NIPSCO. As a result, gas bills under DependaBill are more likely to be above NIPSCO's standard gas service bills.²

The Indiana Office of Utility Consumer Counselor (OUCS) worked to incorporate important consumer protections into this program. Most of the OUCS's recommendations were included in the IURC Order allowing NIPSCO to offer the DependaBill service.

The OUCS strongly urges consumers to carefully review this publication, the DependaBill Terms and Conditions and other relevant information – including the BudgetPlan option - before enrolling in this service. Only you can decide whether DependaBill is appropriate for you. The OUCS offers the following questions and answers to help you make an informed decision.

1. How Does DependaBill Work?

- A customer is billed in 12 equal monthly payments regardless of actual gas usage (if within the "normal" range) or changes in gas supply prices (whether market prices go up or down).
- The monthly payment is "fixed" and will not change during the 12-month period.
- Payments are made regardless of whether it costs NIPSCO more or less than the "fixed" amount to provide your gas service.
- If the total annual DependaBill payments are more than the charges under standard service, the customer is not credited for the difference.
- DependaBill is similar to NIPSCO's BudgetPlan. A key difference is that DependaBill does not require a "true up" adjustment but does charge an additional fee.



2. How is a DependaBill payment calculated?

- As with the BudgetPlan option, NIPSCO estimates your natural gas usage and price for 12 months and then divides that total into 12 equal monthly payments.
- Estimated consumption is based on 30-year average weather information and your past consumption.
- The gas supply price for DependaBill is set by NIPSCO.

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¹ NIPSCO is allowed to offer the DependaBill, PPS and Choice options under alternative regulatory plans requested by NIPSCO and approved by the State.

² "Standard gas service" refers to NIPSCO's traditional, regulated Gas Cost Adjustment (GCA) service which most customers receive and where the gas supply price varies monthly, but is subject to OUCS review and IURC approval. The approved gas supply price reflects NIPSCO's actual gas costs incurred in the competitive wholesale market.

3. Will I be charged any premiums or fees for this service?

- Yes. NIPSCO is allowed to apply a program fee of no more than 10% to each of your DependaBill payments.

4. Will I save money with DependaBill?

- DependaBill is designed to provide convenience, not savings, and you should not sign up expecting to save money.
- You will pay the fee (as noted above), which you do not have to pay with BudgetPlan.
- Finally (as described below) if your DependaBill service is terminated early, the penalties can be substantial.
- In the end, you may pay more or less with DependaBill.
 - If weather is colder than normal and/or the market prices are higher than those used to calculate the DependaBill payment, you may save some money. However, that savings would have to exceed the DependaBill fees.
 - If weather is warmer than normal and/or the market prices are lower than those used to calculate the DependaBill payment, you will pay more.

5. Is DependaBill regulated?

- DependaBill is offered under an Alternative Regulatory Plan (ARP) proposed by NIPSCO and approved by the IURC. NIPSCO has more latitude in setting the gas commodity price than in standard service.



6. Would I have to pay fees or penalties for early termination of DependaBill service?

- Yes, and they can be substantial. Early termination may arise for a number of reasons, including paying a bill late, moving to a new location (even if you remain a NIPSCO gas customer), and using at least 15% more gas than expected. (This could be caused by additions to your building or changes in lifestyle or business practices that increase gas consumption over the previous year).
- NIPSCO will charge a flat fee of \$30 with an additional \$10 for each month remaining on your DependaBill contract, or a calculated amount as specified in the program's Terms and Conditions.
- Early termination penalties can be no more than 40% of your total DependaBill contract amount.
 - For example, a residential customer with a \$600 annual DependaBill (\$50 per month) would pay no more than \$240 in early termination fees.
- The fees apply whether NIPSCO terminates your DependaBill service or you terminate it voluntarily.

7. How does DependaBill differ from the NIPSCO BudgetPlan?

- There are four primary differences.
 - No additional fee is charged for BudgetPlan.
 - You may enter or leave BudgetPlan at your discretion without a fee or penalty.
 - Gas supply costs in the BudgetPlan are the same fully regulated costs reflected in standard gas service and contain no fees or premiums to "fix" the price.
 - BudgetPlan includes a settlement or "true up" for the difference between estimated and actual bills. If, at the end of the budget period, BudgetPlan payments are higher than actual metered charges, a credit is placed on your bill. If BudgetPlan payments are lower than actual metered charges, the amount owed will be calculated into the new BudgetPlan payment for the next 12-month budget period.

8. How can I tell if DependaBill is right for me?

- Only you can determine if the certainty provided by DependaBill is worth more to you than the program fee you will pay, the possibility of paying more for gas service and the early termination penalties if you are unable to honor all 12 months of the DependaBill contract.
- NIPSCO is required to provide each prospective DependaBill customer with specific bill comparisons. These will compare your DependaBill quote to the cost of your standard service from the previous year, and an estimate of what you might pay if you are enrolled in the NIPSCO Budget Plan service.

9. If I enroll this year, will NIPSCO automatically renew my DependaBill enrollment in future years?

- Yes, but only if your new DependaBill payment for the renewal year is equal to or lower than your current DependaBill payment.
- NIPSCO must provide you with 60 days advance notice of your renewal and provide you with meaningful bill comparisons to help you make an informed decision.

10. If I have problems, who do I contact?

- The Indiana Utility Regulatory Commission (IURC) has retained jurisdiction on all disputes arising from the DependaBill service. The IURC can be reached toll-free at 1-800-851-4268.
- The Indiana Office of Utility Consumer Counselor (OUCC) also provides information on additional NIPSCO gas supply options and other natural gas and utility service issues. This information is available at www.IN.gov/oucc or by calling the OUCC's consumer services staff toll-free 1-888-441-2494.

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency that represents the interests of all utility consumers and the general public in matters related to the provision of utility services. The agency is active in proceedings before regulatory and legal bodies, and committed to giving consumers a voice in the creation of utility service policy.